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CONTRACT OF SALE

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This Contract of Sale (hereinafter referred to as "Contract") is entered into on the 28TH day of March 1989, between the PORT OF PORTLAND, a corporation existing by and under the authority of the State of Oregon (hereinafter referred to as "Port"), and KAISER INTERNATIONAL CORPORATION, a corporation duly created, organized, and existing under and by virtue of the laws of the State of California (hereinafter referred to as "Buyer");

W I T N E S S E T H:

1. Buyer agrees to buy, and Port agrees to sell for the sum of \$2,400,000, the coal handling equipment and materials generally described in Exhibit A hereto and hereinafter referred to as "Equipment". Buyer shall pay the purchase price as follows: \$100,000 at closing, and the remaining \$2,300,000 in installments of \$90,000 per month payable each month thereafter commencing sixty days after the execution date of this Contract, until fully paid, unless accelerated as provided hereafter. Buyer shall execute a promissory note in the form of Exhibit B hereto in favor of the Port in the sum of \$2,300,000 evidencing the deferred payments.

2. Buyer agrees its financial statements shall be available for inspection by the Port, at the Buyer's premises during normal business hours. Such inspections shall be made only as they relate to the performance of this Contract.

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3. The Buyer agrees to furnish, upon the execution of this Contract by the parties, current and applicable certificates of insurance of Worker's Compensation, property damage (\$500,000), and public liability (\$1,000,000), in which Port and its agents and employees are named as additional insured.

4. The Equipment referenced in Exhibit A has been grouped in five major categories and each has been assigned a price. Equipment may be removed when, in the Port's judgment, the purchase price for the components to be moved has been paid; however, allocation of payments may be assigned to and moved among the various Equipment categories at Buyer's option.

5. Buyer agrees that unassembled Equipment presently located on the site will be consolidated on the site at locations as reasonably directed by Port and that this consolidation will be completed no later than four months from the execution date of this Contract. Buyer agrees to remove Equipment from the dock and consolidate it on the site at locations reasonably directed by Port. Removal of the Equipment from the dock will be completed as soon as reasonably possible so as to accommodate Port's projected need to utilize the dock for other potential uses; however, removal from the dock must be completed no later than nine months from the execution date of this Contract. Buyer agrees to remove all Equipment from the site or other storage locations no later than thirty months from the execution date of this Contract.

6. Title to specific items of Equipment stored in Portland and presently located on Port property will pass to Buyer or Buyer's designee upon the payment therefor. Title to any Equipment stored outside of Portland will pass to Buyer upon the execution date of this Contract.

7. All Equipment is sold F.O.B. Rivergate, Portland, Oregon or where otherwise located. The Buyer is responsible for all costs and arrangements associated with loading, removing from the F.O.B. point, and transporting the Equipment.

8. Buyer assumes responsibility for the security of the Equipment, and risk of loss or damage to the Equipment shall pass to Buyer from the execution date of this Contract. However, Port will use reasonable care in protecting and conserving Equipment while stored in Port's warehouses and/or on Port's premises. In the event all Equipment is not removed from the Port's premises by the required performance date (no later than thirty months from the execution date of this Contract), Port reserves the right to resell the remaining Equipment, at its convenience, by any method of sale it chooses, and without prior notice to Buyer. Title to any Equipment remaining on the Port premises beyond the required performance date, unless otherwise agreed to in writing by Port, will revert to Port. Storage charges may be assessed to Buyer by Port for any Equipment remaining on Portland premises beyond the required performance date unless Port is responsible for the delay in removal. In the event of a resale by Port, Buyer will be

responsible to Port for any net costs or damages occasioned Port due to Buyer's failure to perform.

9. Except to the extent provided to the contrary in this contract, the Equipment purchased from Port hereunder is sold as is, where is, and Port makes no guarantee, warranty, or representation, express or implied, as to quantity, kind, character, quality, weight, size or description of any Equipment, its merchantability, its fitness for any use or purpose, or otherwise, except that Port warrants that the Equipment is free from any and all claims, demands, liens, and encumbrances and that Port warrants title thereto. No claim will be considered for allowance or adjustment or for rescission of the sale based upon any of the foregoing factors (except as to title) or upon failure of the Equipment to meet Buyer's standards.

10. Buyer agrees to waive all claims for loss or damages against Port and Dravo Corporation and its agents and employees due to personal injuries, property damage, loss of life or property, loss of use, lost profits, lost revenues, or any other claim of any kind whatsoever arising out of, or in any way connected with, the sale, removal, transportation, use, or attempted use of the Equipment.

11. There are no understandings between the parties hereto as to the subject matter of this Contract other than as set forth herein. All previous communications concerning the subject matter of this Contract, either oral or written, are hereby abrogated and

withdrawn, and this Contract constitutes the entire Contract between the parties.

12. Buyer agrees that, in lieu of securing a performance bond, buyer will deposit with the Port the amount of \$25,000 by certified or cashier's check, wire transfer, cash, or a money order upon the execution of this Contract by the parties. This amount is separate and apart from any amounts which the Buyer has agreed to pay under Paragraph 1. hereof. The deposit check for \$25,000 shall be drawn to the order of the Port of Portland. In the event that the Buyer fully and timely performs all of Buyer's obligations under this Contract, is not in any way in breach of this Contract, and Port has no other common law or statutory rights of withholding or setoff which Port may exercise, such \$25,000 with interest calculated at Port's daily rate will be returned to the Buyer. Port shall have the right to withhold all or part of the amount deposited pursuant hereto, subject to Port's right of setoff, to offset damages due from the Buyer arising out of a breach of this Contract or otherwise; provided, however, that the amount deposited pursuant hereto shall not be construed to limit in any way the the amount of damages Port may claim for breach of this Contract or otherwise.

13. The Buyer agrees to implement and maintain at all times a rigid safety program utilizing proper safety Equipment in conformity with Port standards. Port Form 10, "Safety and Health Provisions in Contracts" is hereby attached and made a part of this Contract.

14. Where reasonably possible and by special agreement (at Buyer's expense), Port will provide Buyer with services, such as, but not limited to, electrical services, water, toilet facilities, or other services that may be useful in expediting the safe and effective dismantling and removal of the Equipment.

15. Where reasonably possible and by special agreement (at Buyer's expense), Port will provide available handling Equipment and materials for use by Buyer in connection with loading, sorting or removal of the Equipment.

16. All metallic material is to be removed and must be trimmed off within 2 inches of the support concrete. No concrete or concrete structures are included in the sale, except the pre-cast structures supporting the conveyor system.

17. Buyer shall contact the Port to arrange mutually convenient dates and times for commencement of work, pick-up and loading of the Equipment listed in this attachment. Although Port will not load the Equipment, pick-ups and loading by the Buyer must be coordinated with the Port. Port reserves the right to have a representative present during loading of Equipment by the Buyer. Buyer assumes sole responsibility for safety in securing the load and transporting the Equipment.

18. The Buyer agrees to remove all Equipment from the project within the required performance date. On-site disposal will not

be permitted. The Buyer will not be permitted to burn any material on-site. No blasting will be permitted.

19. Port shall have the right of unrestricted access to all facilities located within the salvage area for purpose of inspecting the removal of the Equipment sold herein and to inspect any materials and/or facilities remaining the property of Port.

20. Buyer shall, at all times, be an independent contractor in the performance of this Contract and shall be responsible for proper supervision of the work hereunder.

21. The Buyer and those acting on behalf of the Buyer shall adhere to the existing site rules and regulations at all times.

22. The areas from which Equipment is removed or loaded shall be reasonably cleaned by the Buyer to the satisfaction of the Port. Buyer shall remove all exposed metallic materials and clean the "terminal site" of any scrap and debris resulting from the Buyer's activity, to the satisfaction of the Port. This final clean-up work must be completed prior to the required performance date.

23. Time is of the essence of this Contract. A default shall occur if:

a. Buyer fails to make any payment under this Contract and/or the promissory note and does not make such payment within sixty days after receipt of written notice from Port specifying the payment amount in default.

b. Buyer fails to perform any other obligation imposed by this Contract and does not correct or commence correction of such failure within sixty days after receipt of written notice from Port specifying the manner in which Buyer is in default.

c. Buyer becomes insolvent, a receiver is appointed to take possession of all or a substantial part of Buyer's properties, Buyer makes an assignment for the benefit of creditors or files a voluntary petition in bankruptcy, or Buyer is the subject of an involuntary petition in bankruptcy which is not dismissed within 90 days.

In the event of a default, Port may take any one or more of the following steps:

(1) Declare the entire balance of the purchase price and the promissory note immediately due and payable.

(2) Specifically enforce the terms of this Contract by suit in equity.

(3) Declare this Contract null and void as of the date of the breach. In such event, all of the right, title, and interest of Buyer to the Equipment, still on Port's premises, shall revert to and be vested in Port

without any other act by Port to be performed, and Buyer agrees to peaceably surrender the Equipment to Port.

(4) Resell the Equipment at public or private sale whereupon Buyer shall remain liable for any deficiency between the amount received at such sale and the total amount owing under the Contract and the promissory note, plus all reasonable costs of sale. Any surplus will be paid to the Buyer by the Port.

The remedies provided above shall be nonexclusive and in addition to any other remedies provided by law.

24. In the event suit or action is instituted to enforce any of the terms of this Contract, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial or on appeal of such suit or action, in addition to other sums provided by law.

25. This Contract shall be binding and inure to the benefit of the parties, their successors and assigns, but, other than the possible assignment of this Contract by the Buyer to the Port of Los Angeles, no interest of Buyer shall be assigned, subcontracted or otherwise transferred, voluntarily or involuntarily, without the prior written consent of Port. Such written consent by the Port will not be unreasonably withheld. Consent by Port to one transfer shall not constitute consent to other transfers or waiver of this section.

26. Governing Law

This Contract shall be governed by and construed in accordance with the laws of the State of Oregon.

27. Notices

Any and all notices, demands, requests, consents, approvals or other communications ("Notices") required or permitted under this Contract or by law, unless otherwise provided herein, shall be sufficient if given in writing by certified mail, return receipt requested, or by personal delivery, or by telex.

If to Port:

Port of Portland
700 N.E. Multnomah
Portland, OR 97232
TLX: 474-2039
Attn: Tuck Wilson

If to Buyer:

Kaiser International Corporation
250 W. 5th St., Suite 125
San Pedro, CA 90731
TLX: 760746
Attn: R.E. Holdaway

28. This Contract is subject to cancellation by Buyer within forty-five days from the execution date of this Contract, by written notice to the Port.

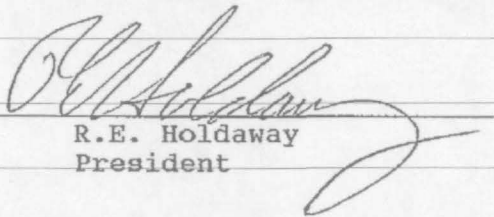
In the event of Buyer's cancellation, Port shall promptly return to Buyer the promissory note and the seventy-five percent (\$75,000) of the \$100,000 payment made at closing. Twenty-five percent (\$25,000) of the closing payment will be retained by the Port as consideration for the Buyer's right to cancel this Contract within forty-five days and will be considered Port's liquidated damages. Port will also return to Buyer the \$25,000 deposit paid pursuant to Paragraph 12. of this Contract.

APPROVALS

IN WITNESS WHEREOF, this Contract has been executed by
the parties hereto by their respective officers thereunto duly
authorized, all as of the date written below.

KAISER INTERNATIONAL CORPORATION

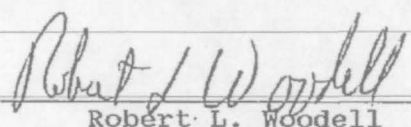
By


R.E. Holdaway
President

March 28, 1989
Date

PORT OF PORTLAND

By


Robert L. Woodell
Executive Director

3/28/89
Date

APPROVED AS TO LEGAL SUFFICIENCY


General Counsel

EXHIBIT A

Equipment subject to this sale includes the stacker reclaimer and carriage rail; the rotary car dumper, car indexer, and building; the conveyor system, including concrete supports and transfer towers; and testing system; the traveling ship loader and facility electrical and mechanical Equipment all as detailed in THE PORT OF PORTLAND, OREGON, COAL TERMINAL EQUIPMENT SURVEY OCTOBER 1988, said survey is incorporated by reference herein. Also included are the railroad rail and ties, except those installed on the east side of the site now committed to STC and the Columbia Grain Terminal.

Not included in the sale are the dock and related ship mooring components, and the landside administration building.

For the purpose of Equipment removal, the following allocations are made of the sale price:

Stacker reclaimer	\$1,000,000
Car dumper	\$ 700,000
Shiploader	\$ 300,000
Conveyor system and components	\$ 300,000
Other	\$ 100,000
Total	<u>\$2,400,000</u>

EXHIBIT B

PROMISSORY NOTE

\$2,300,000.00

Portland, Oregon

Date: March 28, 1989

FOR VALUE RECEIVED, the undersigned promises to pay in lawful money of the United States to the order of Port of Portland the principal sum of Two Million Three Hundred Thousand and No/100 Dollars (\$2,300,000.00), together with interest as provided below in principal installments as follows:

\$90,000 MAY 28TH 1989 and on the 28TH day of each month thereafter until fully paid.

Any delinquent amount stated above shall bear interest at the rate of 12 percent per annum from the date it was due until fully paid.

This note may be prepaid, in whole or in part, without penalty.

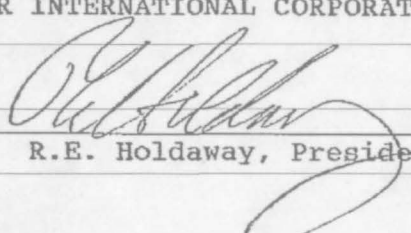
If any payment due pursuant to this note is delinquent more than sixty days from the date due, then at the option of the holder of this note, the entire indebtedness represented by this note, upon thirty days written notice to the undersigned, shall immediately become due and payable and thereafter shall bear interest at the rate of 12 percent per annum.

Undersigned shall pay upon demand any and all expenses, including reasonable attorney fees, incurred or paid by the holder of this note without suit or action in attempting to collect funds due under this note. In the event an action is instituted for the collection of this note, the prevailing party shall be entitled to recover, at trial or on appeal, such sums as the court may adjudge reasonable as attorney fees, in addition to costs and necessary disbursements.

The undersigned and his successors and assigns hereby waive presentment for payment, notice of dishonor, protest, notice of protest, and diligence in collection, and consent that the time of payment on any part of this note may be extended by the holder without otherwise modifying, altering, releasing, affecting, or limiting their liability.

KAISER INTERNATIONAL CORPORATION

By


R.E. Holdaway, President


CERTIFIED RESOLUTIONS AUTHORIZING
PURCHASE OF EQUIPMENT

I, Masahisa Shimamoto, Secretary of Kaiser International Corporation ("Corporation"), hereby certify that the following resolutions were duly adopted by the board of directors of the Corporation at a meeting held on March 27 1989, and that said resolutions have not been amended and remain in full force and effect as of the date hereof.

RESOLVED, that the Corporation acquire the coal handling equipment being sold by the Port of Portland, Oregon, and submitted to and reviewed by the directors.

RESOLVED, that the president and secretary are hereby authorized to do all acts and things, to execute all documents and agreements as they, or either of them, acting in behalf of the Corporation, may deem necessary or desirable to purchase the Port's coal handling equipment, and to carry out the purpose and intent of the foregoing resolutions.

DATED, at San Pedro, California, this 27TH day of March, 1989.


Masahisa Shimamoto, Secretary

SAFETY AND HEALTH PROVISIONS IN CONTRACTS

PORT OF PORTLAND

FORM 10

1. Safety and Health Standards:

No person employed by the Buyer or any subcontractor in the performance of work pursuant to this contract at a project or worksite owned or controlled by Port shall be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his safety or health.

In order to provide the necessary controls for protection of employees and prevention of damage to property for avoidance of work interruption in the performance of this contract, the Buyer shall comply with the provisions of Section 107 of the Contract Work Hours and Safety Act (40 U.S.C. § 333), and the Occupational Safety and Health Act of 1970 (OSHA) (Publ. L. No. 91 - 596), including applicable OSHA regulations, and such other requirements for the protection of health or safety as may apply.

It shall be the responsibility of the Buyer and any subcontractor to initiate and maintain such programs as may be necessary to comply with the foregoing requirements; to provide for frequent and regular inspection of the job sites, materials, and equipment; to identify and prohibit work in an unsafe or unhealthful work place, including the

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use of unsafe machinery, tools, materials, or equipment; and to permit only those employees qualified by training or experience to operate equipment and machinery.

2. Compliance by Subcontractors:

The Buyer shall be responsible for securing compliance by its subcontractors with all the safety and health provisions contained herein.

3. Project Manager:

For the purpose of these safety and health provisions, Project Manager means: (a) The Port Project Manager, or the Project Manager's designee; and (b) when there is no Project Manager, the Port employee supervising the work at the location where the work is to be performed under the contract, or the Project Manager's designee.

4. Safety and Health Plan:

Work to be performed under this contract will be evaluated for any recognized potential hazards as determined by the Project Manager; in the event that a potential hazard is recognized, the Buyer, prior to commencement of the work will:

a. When required by the Project Manager, submit a safety and health plan in writing fifteen days prior to start of contract work, or as otherwise stated in this contract, describing how it proposes to promote health and safety in the work environment; such plan must be approved by the Project Manager prior to the start of work by Buyer.

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b. When required by the Project Manager, meet in conference to discuss development, implementation, and coordination of Buyer's safety and health program in conjunction with contract requirements.

Evaluation and approval under the requirements of this provision of the contract shall not affect the Buyer's obligations under the indemnity provision of this contract.

5. Insurance:

Before any of the Buyer's employees or those of a subcontractor shall do any work on the premises under the control of Port, the Buyer or the subcontractor, as the case may be, shall secure Workers' Compensation coverage for such employees and their dependents in accordance with the applicable laws.

6. Accident Records:

The Buyer and its subcontractors will maintain an accurate record of all accidents and occupational diseases in accordance with the provisions of Part 1904, Title 29, Code of Federal Regulations. In addition, the Buyer shall maintain such records as required by the Project Manager of the costs for repairing or replacing property, materials, supplies, and equipment damaged in accidents occurring while doing work incident to this contract.

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Reports of this information shall be maintained and made available to the Project Manager, in the manner he or she may prescribe at the site where the work is being performed.. Accidents, including occupational illness, which result in a fatality, the hospitalization of five or more employees, or property damage where the monetary loss exceeds \$100,000, shall be reported immediately to the Project Manager.

7. Buyer Safety Representative:

The Buyer shall retain a representative onsite at all times while work is in progress who shall be responsible for the Buyer's safety and health program and who shall have authority to correct hazardous conditions. The Buyer's representative shall respond promptly to the Project Manager in order to reduce or eliminate conditions which in the opinion of the Project Manager constitute a threat to or appear to threaten life, health or property at the work location.

8. Temporary Access and Public Safeguards:

The Buyer shall build and maintain such temporary bridges, roads, and other means of passage as are necessary and not otherwise provided by Port; shall provide for convenient access to the various parts of the work. The Buyer shall also provide such barricades, warning signs and lights, watchmen, etc., as are necessary to protect the public and the work. Should conditions arise on the work which require that immediate and unusual provisions be made to protect the public from danger or loss or damage due directly or indirectly to the prosecution of the work, the Buyer shall make the necessary provisions. The Buyer

shall be responsible for the sufficiency and safety of all such temporary works and provisions and shall be responsible for all damage resulting from their insufficiency.

The Buyer shall not disturb, close, or obstruct any existing highways or other communications systems until permission therefor has been obtained from the Project Manager.

9. Intoxicants and Illegal Drugs:

The transportation, gift, sale, or use of intoxicants and illegal drugs upon any part of Port's premises is forbidden.

10. Cleaning Up:

The Buyer shall at all times keep the work area, including storage areas used by it, reasonably free from hazardous and unsanitary accumulations of waste materials or rubbish, and prior to completion of the work, shall remove any rubbish from the premises and all tools, scaffolding equipment, and material not the property of Port. Upon completion of the work, the Buyer shall leave the work and premises in a clean, neat, and workmanlike condition satisfactory to the Project Manager.

11. Breach of Safety and Health Provisions:

It shall remain the responsibility of Buyer to ensure that the foregoing provisions are complied with at all times; provided, however, the Project Manager shall have the right to inspect the

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Buyer's operations as he or she deems appropriate to assure that the requirements for health and safety under the contract are being met. In the event that apparent deficiencies in complying with the foregoing provisions are brought to the attention of Port through such inspections or otherwise, Port will promptly notify Buyer through its Project Manager. Upon receipt of such notice, Buyer shall immediately take such action as may be required to determine the existence of and to correct deficiencies. If the Buyer fails or refuses to correct an unhealthful or unsafe condition, the Project Manager shall have the authority to issue an order stopping all or part of the work being performed under the provisions of this contract until satisfactory corrective action has been taken. No part of the time lost as the result of any stop order shall be the subject of a claim for extension of time or for excess costs or damages by the Buyer. Any stop order issued by the Project Manager shall apply to work performed by any subcontractor as well as by the prime contractor under this contract. The Project Manager shall have the authority to require removal of any person from a Port work location (regardless of the status of such person as an employee of Buyer or any subcontractor) if, in the opinion of the Project Manager, the presence of such person endangers the safety or health of others.

12. Investigation of Accidents:

Port shall have the option to examine the site of any accident immediately following its occurrence to determine: (1) The cause or causes of such accident; (2) The degree of personal injuries; (3) The

damage to Port-owned property; (4) The effect of such accident upon completion of the work provided for under the contract; and (5) Other pertinent information. In order to accomplish this, Port shall have the authority to question any persons having knowledge relative to or present when such accident occurred, including employees and agents of the Buyer and all subcontractor(s).

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